



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

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September 1, 2009

15

SEPTEMBER 8, 2009

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Supervisors:

CONTRACT EXTENSIONS/COST REDUCTIONS RECOMMENDATIONS: BOARD LETTER NO. 1 (ALL DISTRICTS AFFECTED) (3 VOTES)

SUBJECT

Based on Board direction from your meeting of June 16, 2009, this letter includes the first set of recommended contract amendments offering term extensions in consideration for immediate cost reductions. This, and subsequent Board letters recommending contract amendments pursuant to this initiative, will identify projected savings for 2009-10 (as well as future years as applicable); savings will be incorporated into Supplemental Changes for the 2009-10 budget.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and delegate authority to the affected department heads to execute contract amendments described in Attachments I, II, and III, as recommended by the Chief Executive Officer and approved as to form by County Counsel, to extend terms and reduce the annual contract amount under your Board's contract cost reduction initiative effective for 2009-10.
2. Instruct the affected department heads to notify your Board and the Chief Executive Office, in writing, within ten business days after execution of such amendments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 16, 2009, your Board directed the Chief Executive Officer, working with the Internal Services Department, County Counsel, Auditor-Controller, and other departments, as needed, to develop the parameters for a contract cost savings initiative for existing contractors. Your Board also directed the Chief Executive Officer to provide all departments with a "model" letter to send to contractors by early July, requesting that contractors reduce their rates in exchange for term extensions without competitive bidding.

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On June 25, 2009, this Office provided instructions to departments, establishing the criteria pertaining to these contracts and a timeline for reporting back on those contracts recommended for extension/cost reduction. Departments subsequently canvassed their contracts and solicited offers from contractors which met the appropriate criteria, requesting price reductions in exchange for one-year and/or two-year extensions. Contractors responded with varying degrees of price reductions, and upon consideration and further negotiations by departments, contract amendments for the following departments are recommended:

- **Chief Executive Office Contract Amendments (Attachment I)**
- **Public Works Contract Amendments (Attachment II)**
- **Treasurer and Tax Collector Contract Amendments (Attachment III)**

As referenced above, attached to this letter are memoranda from the affected departments, each providing:

- Background on the subject contract(s);
- Identification of the proposed cost reduction/extension and the related fiscal impact; and
- A discussion of the analysis and due diligence conducted by the department to justify the recommended amendment(s).

Upon your Board's authorization, affected department heads will execute the contract amendments to effect the changes described in their memoranda.

FISCAL IMPACT/FINANCING

This transmittal references 125 contract amendments that, if approved, would result in an estimated total annual savings of \$3,939,752 which includes net County cost (NCC) savings of \$731,563 for 2009-10. Subsequent submittals will identify cumulative projected savings as a result of this initiative, and the projected savings will be included in recommendations consistent with Supplemental Changes to the 2009-10 budget. Departments have prioritized affected contracts on the basis of potential NCC savings.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

This effort pertains to current contracts which were planned to be competitively rebid upon expiration and for which a competitive solicitation process was not already underway. The cost reductions would need to be implemented for 2009-10 and throughout the extended period. Living Wage rates will not be reduced as part of this effort.

Departments were directed to exclude from consideration contracts for which:

- A more favorable cost may be obtained via a competitive bid process;
- Departments have identified contractor performance issues with the current contractor;
- Departments are uncertain if the services will be needed for the extended term; and

- Reductions have already been imposed as part of the 2008-09 or 2009-10 County budgets.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This effort is intended to produce immediate cost savings in light of the fiscal challenges faced by the County. The proposed contract amendments should not have a negative impact on the level or quality of service provided to the County by the affected contractors.

CONCLUSION

This Office will continue to package and forward additional contract amendments consistent with this effort, for Board approval, as they become available.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:ES:MKZ
FC:JH:pg

Attachments (3)

c: All Department Heads
Administrative Deputies
Contract Managers' Network

CHIEF EXECUTIVE OFFICE CONTRACT AMENDMENTS

The Chief Executive Officer recommends the following proposed contract amendments which would generate net County cost savings of \$690,969 for 2009-10, with additional future year savings as noted.

Contract No. 745354 – Automobile and General Liability Claims Administration and Legal Defense Management

Background

Contract No. 745354 was awarded to Carl Warren & Co. to provide automobile and general liability claims administration and legal defense management services, effective August 15, 2003. The contract term is five years with two one-year renewal options. The contract is currently in its second option year which will expire on August 14, 2010. The annual cost of this contract is \$1,913,229.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Carl Warren is offering an immediate 7% reduction beginning on the effective date of the amendment. The projected savings have been approximated as follows:

<i>2 Yr Extension 7%</i>	
2009-10 Savings:	\$133,926
2010-11 Savings:	\$133,926
2011-12 Savings	\$133,926
	\$401,778

Justification

The County utilizes a third party administrator to provide claims administration and legal defense management services for its automobile and general liability self-insurance program. These services are needed to control the County's liability costs through early investigation and quick resolution of incidents, claims and lawsuits filed against the County and to ensure a continuation of quality service to the Chief Executive Office, County Counsel and all other County departments.

An analysis was performed by Chief Executive Office – Risk Management Branch (CEO-RMB) and concluded that recommending this contract extension is economically advantageous to the County because it will result approximately \$401,778 in net County cost (NCC) savings. The amendment will also delay the possible, and expected, cost increase following a new solicitation. In addition, the recommended contract extension will ensure automobile and general liability

claims administration and legal defense management services stability. Carl Warren & Co. has proven to be a responsive contractor.

Contract No. 75380 – Third Party Workers’ Compensation Claims Administration

Background

Contract No. 75380 was awarded to Tristar Risk Management #2 (Tristar #2) to provide workers’ compensation third party claims administration services effective January 1, 2006. The contract term is five years. This contract is currently in the fourth year and will expire December 31, 2010. The annual cost of this contract is \$7,366,884.

Recommendation Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Tristar #2 is offering an immediate 5% reduction beginning on the effective date of the amendment. The projected savings have been approximated as follows:

<i>2 Yr Extension 5%</i>	
2009-10 Savings:	\$184,172
2010-11 Savings:	\$368,344
2011-12 Savings	\$368,344
2012-13 Savings	\$184,172
	\$1,105,032

Justification

Workers’ compensation claims administration services are required to provide claims management for existing and newly reported workers compensation claims. In addition, such services are required to maintain compliance with California labor code and regulatory requirements.

An analysis was performed by CEO-RMB and concluded that recommending this contract extension is economically advantageous to the County because it will result approximately \$1,105,032 in NCC savings. The amendment will also delay the possible, and expected, cost increase following a new solicitation. In addition, the recommended contract extension will ensure workers’ compensation claims administration services stability. Tristar #2 has proven to be a responsive contractor.

Contract No. 75381 – Third Party Workers' Compensation Claims Administration

Background

Contract No. 75381 was awarded to Tristar Risk Management (Tristar) to provide workers' compensation third party claims administration services effective January 1, 2006. The contract term is five years. This contract is currently in the fourth year and will expire December 31, 2010. The annual cost of this contract is \$4,597,499.

Recommendation Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Tristar is offering an immediate 5% reduction beginning on the effective date of the amendment. The projected savings have been approximated as follows:

<i>2 Yr Extension 5%</i>	
2009-10 Savings:	\$114,938
2010-11 Savings:	\$229,875
2011-12 Savings	\$229,875
2012-13 Savings	\$114,938
	\$689,626

Justification

Workers' compensation claims administration services are required to provide claims management for existing and newly reported workers compensation claims. In addition, such services are required to maintain compliance with California labor code and regulatory requirements.

An analysis was performed by CEO-RMB and concluded that recommending this contract extension is economically advantageous to the County because it will result approximately \$689,626 in NCC savings. The amendment will also delay the possible, and expected, cost increase following a new solicitation. In addition, the recommended contract extension will ensure workers' compensation claims administration services stability. Tristar has proven to be a responsive contractor.

Contract No. 75951 – Third Party Long-Term Disability, Survivor Income Benefits and Short-Term Disability Claims

Background

Contract No. 75951 was awarded to Sedgwick Claims Management Services, Inc. (Sedgwick) to provide third party long-term disability, survivor income benefits and short-term disability claims services, effective January 1, 2007. The

contract term is three years with three one-year renewal options. The contract is currently in its third year, with a final expiration date of December 31, 2012. The annual cost of this contract is \$1,191,408.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Sedgwick is offering an immediate 5% reduction beginning on the effective date of the amendment. Additionally, they have offered to forfeit any future cost of living increase. The projected savings have been approximated as follows:

<i>2 Yr Extension 5%</i>	
2009-10 Savings:	\$29,785
2010-11 Savings:	\$59,570
2011-12 Savings	\$59,570
2012-13 Savings	\$29,785
	\$178,710

Justification

Short-Term and Long-Term Disability claims administration services are required to adjudicate claims submitted by eligible County employees who become disabled, due to industrial and non-industrial illness or injury, and are unable to perform the essential duties of their County position. The claims adjudication services are required to comply with the provisions of the Los Angeles County Code, as established by your Board.

An analysis was performed by CEO-RMB and concluded that recommending this contract extension is economically advantageous to the County because it will result approximately \$178,710 in NCC savings. The amendment will also delay the possible, and expected, cost increase following a new solicitation. In addition, the recommended contract extension will ensure uninterrupted continuation of third party long-term disability, survivor income benefits and short-term disability claims services. Sedgwick has proven to be a responsive contractor.

Contract No. 73275 – Risk Management and Claims Information System

Background

Contract No. 73275 was awarded to Risk Technologies, Inc. (RTI) to provide a Risk Management and Claims Information System effective March 6, 2001. The contact term is nine years and nine months. The contract is in its ninth year and will expire on December 6, 2010. The annual cost of this contract is \$948,000.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, RTI is offering an immediate 7.5% reduction beginning on the effective date of the amendment. The projected savings have been approximated as follows:

<i>2 Yr Extension 7.5%</i>	
2009-10 Savings	\$59,250
2010-11 Savings	\$71,100
2011-12 Savings	\$71,100
2012-13 Savings	\$35,550
	\$237,000

Justification

The Risk Management Information System manages all County data related to liability claims and lawsuits. The system is utilized by the County's liability claims third party administrators, County Counsel, and CEO staff to manage claims and lawsuits. In addition, the system provides reports to the Board, departments, County Counsel and CEO management related to liability claims/litigation performance.

An analysis was performed by CEO-RMB and concluded that recommending this contract extension is economically advantageous to the County because it will result in approximately \$237,000 in NCC savings. Renewal of the Contract will ensure uninterrupted continuation of critical services to the CEO, County Counsel, County departments, and third party administrators related to liability claims and litigation management activity. RTI has proven to be a responsive contractor.

Contract No. 76117 - Broker Services for Fine Arts Insurance Program

Background

Contract No. 76117 was awarded to Willis Fine Arts, Jewelry & Specie – Willis of Maryland Inc., (Willis) to provide insurance broker services to purchase and administer the County's Fine Arts Insurance Program, effective July 1, 2007. The contract term is two years with three one-year optional extensions. The contract is currently in its first extension year. The contract will expire on June 30, 2012. Based on current insurance premium, contract cost for this policy period is \$229,628.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Willis has agreed to reduce its commission by 6%. The projected savings have been approximated as follows:

<i>2 Yr Extension 6% of Commission (U.S.)</i>	
2009-10 Savings:	\$1,345
2010-11 Savings:	\$1,345
2011-12 Savings	\$1,345
2012-13 Savings	\$1,345
	\$5,380

Justification

This insurance covers County collection as well as objects on loan or on exhibition at the Museum of Natural History facilities against loss or damage due to fire, flood, earthquake, explosion or similar perils. Approximate value of County collection insured under this program is \$1 billion.

An analysis was performed by CEO-RMB and concluded that recommending this contract extension is economically advantageous to the County because it will result in approximately \$5,380 in NCC savings. Willis has demonstrated it has the resources, experience, knowledge, and professional personnel needed to provide the required broker services to continue to effectively administer the Fine Arts Insurance Program.

Contract No. 75306 – Broker Services for Consolidated Property and Boiler/Machinery Insurance Program

Background

Contract No. 75306 was awarded to Willis Insurance Services of California, Inc. (Willis) to provide broker services to purchase and administer the County's consolidated property and boiler machinery insurance program, effective July 1, 2005. The term is two years with three one-year renewal options. The contract is currently in its second option year. The contract will expire June 30, 2010. The annual contract amount is \$500,000.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Willis is offering to reduce its commission by 10%. The projected

savings have been approximated as follows:

<i>2 Yr Extension: 10%</i>	
2009-10 Savings:	\$50,000
2010-11 Savings:	\$50,000
2011-12 Savings	\$50,000
	\$150,000

Justification

This insurance provides all-risk property damage coverage, including earthquake and flood, and loss of use coverage to comply with finance and lease agreements, and covers facilities and personal properties that departments desire to insure. Current value of properties insured under this program is approximately \$4.2 billion.

An analysis was performed by CEO-RMB and concluded that recommending this contract extension is economically advantageous to the County because it will result in approximately \$150,000 in NCC savings. Renewal of the Contract will ensure uninterrupted continuation of critical broker services to the County's consolidated property and boiler machinery insurance program. Willis has demonstrated it has the resources, experience, knowledge, and professional personnel needed to provide the required broker services to continue to effectively administer the Consolidate Property and Boiler Machinery Insurance Program.

Contract No. 75950 - Broker Services for Aircraft and Airport Insurance Program

Background

Contract No. 75950 was awarded to Aon Risk Insurance Services West, Inc., (Aon) to provide insurance broker services to purchase and administer the County's Aircraft and Airport Insurance Program, effective January 1, 2007. The contract term is three years with two on-year renewal options. The contract is in its third year and if both one-year extensions were utilized, the contract would expire on December 31, 2011. Based on current insurance premium, contract cost for this policy period is \$201,394.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Aon is offering to reduce its commission by approximately 10%.

The following is the projected savings based on the current insurance premium of \$1,814,360:

<i>2 Yr Extension: 10% of Commission</i>	
2009-10 Savings:	\$10,345
2010-11 Savings:	\$20,689
2011-12 Savings	\$20,689
2012-13 Savings	\$20,689
2013-14 Savings:	\$10,345
	\$82,757

Justification

This insurance provides \$100 million of liability coverage for County airports and aircrafts, and hull physical damage coverage for the County aircraft fleet that has a total insured value of over \$147 million.

CEO-RMB recommends extending this broker services agreement because it will result in approximately \$82,757 in NCC savings. Aon has demonstrated it has the resources, experience, knowledge, and professional personnel needed to provide the required broker services to continue to effectively administer the Aircraft and Aircraft Insurance Program.

Contract No. 75622 - Broker Services for Crime Insurance Program

Background

Contract No. 75622 was awarded to Hub International of California Insurance Services, Inc., (Hub) to provide insurance broker services to purchase and administer the County's Crime Insurance Program, effective April 22, 2006. The contract term is for three years with two one-year extensions. The contract is in its first extension year. The contract will expire on April 21, 2011. Based on current insurance premium, contract cost for this policy period is \$15,221.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Hub is offering to reduce the insurance premium by approximately 10%. The following is the projected savings:

<i>2 Yr Extension: 10%</i>	
2009-10	0
2010-11	\$40,588*
2011-12	\$20,588
2012-13	\$20,588
	\$81,764

*Consists of \$20,294 premium reduction for 2009-10 and 2010-11 fiscal years.

Justification

This insurance covers loss of money, securities, negotiable instruments and other similar properties of the County due to criminal acts. The insurance provides up to \$10 million for employee dishonesty, forgery and alteration, theft, disappearance and destruction, robbery and burglary, and counterfeit currency and \$22 million for employee theft, computer fraud and funds transfer fraud coverage.

CEO-RMB recommends extending this broker services agreement because it will result in an estimated cost reduction of approximately \$81,764. Hub has demonstrated it has the resources, experience, knowledge, and professional personnel needed to provide the required broker services to continue to effectively administer the Crime Insurance Program.

Contract No. 75416 – Employee Medical Examination and Evaluation Services

Background

Contract No. 75416 was awarded to Community Hospital of Long Beach to provide employee medical examination and evaluation services effective January 10, 2006. The contract term is three years with two one-year optional extensions. The contract is currently in its first option year. The contract will expire on December 31, 2010. The annual contract amount is approximately \$150,000.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Community Hospital of Long Beach is offering an immediate 10% reduction beginning on the effective date of the amendment. The projected savings have been approximated as follows:

<i>2Yr Extension: 10%</i>	
2009-10 Savings:	\$11,282
2010-11 Savings:	\$15,042
2011-12 Savings	\$15,042
2012-13 Savings	\$7,521
	\$48,887

Justification

Community Hospital of Long Beach is currently the County's only provider of Firefighter Wellness examinations in the south-east area of the County. The recommended contract amendment is economically advantageous to the County because it will result in a total NCC savings of \$48,887 through the extension period. Additionally, granting the extension will defer the significant staff time required to solicit for a new contract in 2010, and eliminate the risk of subsequent cost increases.

Contract No. 75418 – Employee Medical Examination and Evaluation Services

Background

Contract No. 75418 was awarded to Glendale Adventist Occupational Medicine Center to provide employee medical examination and evaluation services effective January 10, 2006. The contract term is three years with two one-year optional extensions. The contract is currently in its first option year. The contract will expire on December 31, 2010. The annual contract amount is approximately \$172,000.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Glendale Adventist Occupational Medicine Center is offering an immediate 10% reduction beginning on the effective date of the amendment. The projected savings have been approximated as follows:

<i>2Yr Extension: 10%</i>	
2009-10 Savings:	\$12,936
2010-11 Savings:	\$17,248
2011-12 Savings	\$17,248
2012-13 Savings	\$8,624
	\$56,056

Justification

Glendale Adventist Occupational Medicine Center is currently the County's only provider of OSHA and DMV mandated examinations in the north half of the County. They also provide mobile testing throughout the County. The recommended contract amendment is economically advantageous to the County because it will result in a total NCC savings of approximately \$56,056 through the extension period. Additionally, granting the extension will defer the significant staff time required to solicit for a new contract in 2010, and eliminate the risk of subsequent cost increases.

Contract No. 75420 – Employee Medical Examination and Evaluation Services

Background

Contract No. 75420 was awarded to Intercare Medical Group to provide employee medical examination and evaluation services effective January 10, 2006. The contract term is three years with two one-year optional extensions. The contract is currently in its first option year. The contract will expire on December 31, 2010. The annual contract amount is approximately \$465,000.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Intercare Medical Group is offering an immediate 5% reduction on pre-placement examination and a 10% reduction on Firefighter Wellness examinations beginning on the effective date of the amendment. The projected savings have been approximated as follows:

<i>2Yr Extension: 5%- Preplacement & 10% Fire Wellness</i>	
2009-10 Savings:	\$21,631
2010-11 Savings:	\$28,842
2011-12 Savings	\$28,842
2012-13 Savings	\$14,421
	\$93,736

Justification

Intercare Medical Group is currently the County's primary provider of pre-placement examinations. They are also the only provider of Firefighter Wellness exams in the downtown Los Angeles area. The recommended contract amendment is economically advantageous to the County because it will result in a total NCC savings of approximately \$93,736 through the extension period. Additionally, granting the extension will defer the significant staff time required to solicit for a new contract in 2010, and eliminate the risk of subsequent cost increases.

Contract No. 75421 – Employee Medical Examination and Evaluation Services

Background

Contract No. 75421 was awarded to Irwindale Industrial Clinic to provide employee medical examination and evaluation services effective January 10, 2006. The contract term is three years with two one-year optional extensions. The contract is currently in its first option year. The contract will expire on December 31, 2010. The annual contract amount is approximately \$306,000.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Irwindale Industrial Clinic is offering an immediate 5% reduction on Firefighter Wellness examinations beginning on the effective date of the

amendment. The projected savings have been approximated as follows:

<i>2Yr Extension: 5%</i>	
2009-10 Savings*:	\$11,481
2010-11 Savings:	\$15,308
2011-12 Savings	\$15,308
2012-13 Savings	\$7,654
	\$49,751

*Assumes savings start Oct 1, 2009

Justification

Irwindale Industrial Clinic is currently the County's only provider of Firefighter Wellness exams in the San Gabriel Valley area of the County. The recommended contract amendment is economically advantageous to the County because it will result in a total NCC savings of approximately \$49,751 through the extension period. Additionally, granting the extension will defer the significant staff time required to solicit for a new contract in 2010, and eliminate the risk of subsequent cost increases.

Contract No. 2007-03 – Employee Medical Examination and Evaluation Services

Background

Contract No. 2007-03 was awarded to SCV Quality Care to provide employee medical examination and evaluation services effective May 10, 2006. The contract term is three years with two one-year optional extensions. The contract is currently in its first option year. The contract will expire on December 31, 2010. The annual contract amount is approximately \$212,000.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, SCV Quality Care is offering an immediate 5% reduction on Firefighter Wellness examinations beginning on the effective date of the amendment. The projected savings have been approximated as follows:

<i>2Yr Extension: 5%</i>	
2009-10 Savings*:	\$7,958
2010-11 Savings:	\$10,610
2011-12 Savings	\$10,610
2012-13 Savings	\$5,305
	\$34,483

*Assumes savings start Oct 1, 2009

Justification

SCV Quality Care is currently the County's only provider of Firefighter Wellness exams in the northern area of the County. The recommended contract amendment is economically advantageous to the County because it will result in a total NCC savings of approximately \$34,483 through the extension period. Additionally, granting the extension will defer the significant staff time required to solicit for a new contract in 2010, and eliminate the risk of subsequent cost increases.

Contract No. 75423 – Employee Medical Examination and Evaluation Services

Background

Contract No. 75423 was awarded to U.S. HealthWorks Medical Group to provide employee medical examination and evaluation services effective January 10, 2006. The contract term is three years with two one-year optional extensions. The contract is currently in its first option year. The contract will expire on December 31, 2010. The annual contract amount is approximately \$11,000.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, U.S. HealthWorks Medical Group is offering an immediate 5% reduction on OSHA and DMV examinations beginning on the effective date of the amendment. The projected savings have been approximated as follows:

<i>2Yr Extension: 5%</i>	
2009-10 Savings*:	\$405
2010-11 Savings:	\$541
2011-12 Savings	\$541
2012-13 Savings	\$270
	\$1,757

*Assumes savings start Oct 1, 2009

Justification

U.S. HealthWorks Medical Group is currently the County's only provider of OSHA and DMV exams in east L.A. The recommended contract amendment is economically advantageous to the County because it will result in a total NCC savings of approximately \$1,757 through the extension period. Additionally, granting the extension will defer the significant staff time required to solicit for a new contract in 2010, and eliminate the risk of subsequent cost increases.

Contract No. 75424 – Employee Medical Examination and Evaluation Services

Background

Contract No. 75424 was awarded to Westchester Medical Group to provide employee medical examination and evaluation services effective January 10, 2006. The contract term is three years with two one-year optional extensions. The contract is currently in its first option year. The contract will expire on December 31, 2010. The annual contract amount is approximately \$554,000.

Recommended Amendment/Fiscal Impact

CEO recommends amending this contract by adding two additional option years. In exchange, Westchester Medical Group is offering an immediate 10% reduction on pre-placement and Firefighter Wellness examinations beginning on the effective date of the amendment. The projected savings have been approximated as follows:

<i>2Yr Extension: 10%</i>	
2009-10 Savings*:	\$41,515
2010-11 Savings:	\$55,353
2011-12 Savings	\$55,353
2012-13 Savings	\$27,677
	\$179,898

*Assumes savings start Oct 1, 2009

Justification

Westchester Medical Group is currently a major provider of pre-placement examinations, and the County's only provider of Firefighter Wellness examinations in the South Bay. The recommended contract amendment is economically advantageous to the County because it will result in a total NCC savings of approximately \$179,898 through the extension period. Additionally, granting the extension will defer the significant staff time required to solicit for a new contract in 2010, and eliminate the risk of subsequent cost increases.



COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

GAIL FARBER, Director

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ALHAMBRA, CALIFORNIA 91803-1331
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P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE
REFER TO FILE: AS-0

August 13, 2009

TO: William T Fujioka
Chief Executive Officer

FROM: Gail Farber *Gail Farber*
Director of Public Works

CONTRACT EXTENSIONS AND COST REDUCTIONS APPROVAL REQUEST

On June 16, 2009, the Board, on motion of Supervisor Mark Ridley-Thomas, instructed the Chief Executive Office (CEO), working with Internal Services Department, County Counsel, Auditor-Controller, and other departments as needed, to develop the parameters for a contract cost-savings initiative by requesting that contractors reduce contract costs effective in Fiscal Year 2009-10 in return for contract extensions. The Board also authorized any contract extensions authorized under this initiative be executed without competitive bidding and directed the CEO to include any resulting reductions in Supplemental Changes for the Fiscal Year 2009-10 County budget.

On June 25, 2009, the CEO, acting on the Board's direction, provided instructions for implementation of this cost savings initiative requesting that contractors reduce contract costs effective in Fiscal Year 2009-10 in return for contract extensions. The instructions directed departments to canvass their contracts that met the appropriate criteria, and solicit offers from those affected contractors to reduce the cost of the contracts in exchange for one-year and/or two-year extensions.

Accordingly, I am recommending that the CEO propose to the Board the following contract amendments listed in the attachment to reduce cost and extend terms only (amendments will be approved as to form by County Counsel):

Contract Information

Our attachment contains information on contract background, contract number, contractor, name of contract, contract start date, contract expiration date, total amount of contract, and Net County Cost (NCC). In addition, the attachment contains information on the recommended amendment/fiscal impact detailing the recommended extension term(s) and the percentage and dollar cost reduction for Fiscal Year 2009-10 (and Fiscal Year 2010-11 if applicable), distinguishing between NCC savings and non-NCC savings.

Justification

The attachment contains one or more justifications from the list below for each contract that supports the recommendation by the Department of Public Works concluding that the contract amendment (extension/cost reduction) is economically advantageous to the County as compared to the potential results of conducting a new solicitation.

1. Extending the contract will lock in a lower price immediately and provide instant savings that can be utilized to provide services.
2. Extending the contract provides additional savings beyond the immediate cost reduction. There is value added by locking in old rates for future years. The Net Present Value of future savings is considered an added value because the contract has one or more years left in the contract, and the extension will provide cost savings for several years, in addition to the extension year(s). The cumulative cost savings is significant.
3. When comparing the current contract rate/cost to the rate/cost from the previous contract, the rate/cost is higher than the previous contract providing evidence that the cost of this service has increased over time and is expected to continue to increase.
4. During the last couple of solicitations for this service, Public Works experienced little interest from proposers and received few or no proposals. The work is highly specialized and very few, if any, proposers showed interest.
5. The contract costs consist mainly of wages, equipment, and fuel. None of these costs is likely to decrease during the life of any new contracts, and it is expected that over the span of a contract there will be significant increases in these costs that will be reflected in any new proposals. Accordingly, we expect the contract cost to increase when we re-bid.
6. Public Works will realize cost savings and increased efficiencies, without interrupting critical services, by eliminating the cost of conducting re-solicitations. These cost savings include the cost of advertising, reproducing and distributing RFP documents, County Counsel billing, postage, as well as freeing staff time that can be used on additional projects for classifications ranging from clerical to Deputy Director

William T Fujioka
August 13, 2009
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- 7 The contract is a prevailing wage contract with labor rates mandated by State or Federal agencies. Our experience has been that the mandated prevailing wages have increased over time and that it is highly likely that the new solicitation will result in a higher cost to the Public Works than existing contracts.
- 8 The contract is a Living Wage contract. The Living Wage mandates a minimum wage rate for contract labor. The Living Wage will not decrease; therefore the labor cost of such a contract will not be lowered through a re-solicitation since the contractor is obligated to continue to pay the Living Wage.
- 9 The contract is funded whole or in part through the Fiscal Year 2009-10 Road Fund and any savings realized is critical and imperative so that services can be continued to be provided. Due to the impact of the final State budget's deferral of revenue, the Road Fund is facing multiple negative budgetary cash flow impacts. Therefore, any savings through the recommended contract amendment (extension/cost reduction) to a contract paid by the Road Fund is economically advantageous to the County as compared to the potential results of conducting a new solicitation without the cost reduction offered by the contractor.
- 10 The contract is funded through a Public Works fund that will experience some negative cash flow impact during Fiscal Year 2009-10 due to the impact of the final State budget's shifting of property tax revenue. Therefore, any savings through the recommended contract amendment (extension/cost reduction) to a contract paid by any one of these impacted funds is critical and imperative so that services can be continued to be provided.
- 11 This contract has received a negative COLA during the current contract period. This negative COLA remains in effect even though prices for items such as fuel have increased substantially in the interim. The cost reduction would lock in these already lowered rates as well as provide for increased savings.

Please contact me if you have any questions, or your staff may contact Ghayane Zakarian, Administrative Services Division, at (626) 458-4078 or gzakari@dpw.lacounty.gov.

JC:pl

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Attach.

cc: County Counsel

CONTRACTOR EXTENSION/COST REDUCTION

ATTACHMENT

No.	Contract No.	Contract Name	Contract Start Date	Current Term Exp. Date	Final Option Yr. Exp. Date(1)	Contractor Name	Contract Amount (2)	NCC Portion Savings	Contract \$ from NCC	1 Year Extend Reduction	1 Year Reduction Savings	2 Year Extend Reduction	2 Year Reduction Savings	Justification(s)
1	001796*	As-Needed Demolition And Removal Of Substandard Structures (BSD)	12/4/2007	12/03/2009	12/3/2010	Interior Demolition, Inc.	\$230,000	\$12,650	\$230,000			5.50%	\$12,650	1, 6, 7
2	75704	Zero Tolerance Graffiti Abatement Services - Zone 2B (OSD)	7/1/2006	6/30/2010	06/30/2011	Superior Property Services, Inc.	\$112,496	\$5,600	\$56,000	10.00%	\$11,250			1, 2, 3, 5, 6, 8, 9
3	75706	Zero Tolerance Graffiti Abatement Services - Zone 2D (OSD)	7/1/2006	6/30/2010	06/30/2011	Superior Property Services, Inc.	\$109,318	\$5,400	\$54,000	10.00%	\$10,932			1, 2, 3, 5, 6, 8, 9
4	75702	Zero Tolerance Graffiti Abatement Services - Zone 1D (OSD)	7/1/2006	6/30/2010	06/30/2011	Superior Property Services, Inc.	\$81,500	\$2,400	\$24,000	10.00%	\$8,150			1, 2, 3, 5, 6, 8, 9
5	76597	Zero Tolerance Graffiti Abatement Services- Zone 1C (OSD)	7/1/2008	6/30/2010	06/30/2013	Woods Maintenance Services, Inc.	\$282,000	\$2,290	\$45,790			5.00%	\$14,100	1, 2, 3, 5, 6, 8, 9
6	76605	Zero Tolerance Graffiti Abatement Services- Zone 2A (OSD)	7/1/2008	6/30/2010	06/30/2013	Woods Maintenance Services, Inc.	\$282,000	\$2,290	\$45,790			5.00%	\$14,100	1, 2, 3, 5, 6, 8, 9
7	76606	Zero Tolerance Graffiti Abatement Services- Zone 3A (OSD)	7/1/2008	6/30/2010	06/30/2013	Woods Maintenance Services, Inc.	\$66,000	\$964	\$19,280			5.00%	\$3,300	1, 2, 5, 6, 8, 9
8	001374*	Large Water Meter Maintenance Program (WWD)	10/8/2003	10/07/2009	10/07/2009	Westerly Meter Service Company	\$200,000	\$0	\$0			7.00%	\$14,000	1, 6, 10
9	PW12967**	As-Needed Real Estate Services	11/14/2006	11/14/2009	11/14/2009	PARAGON PARTNERS, LTD.	\$2,000,000	\$0	\$0			5.00%	\$22,782	1, 2, 4, 6
10	001637*	A/N Potable Water Tank Inspection & Cleaning Services (WWD)	11/8/2006	11/08/2009	11/07/2009	Liquivision Technology	\$60,000	\$0	\$0			7.00%	\$4,200	1, 6, 7, 10
11	PW12978**	As-Needed Civil and Structural Engineering Services	12/13/2006	12/12/2009	12/12/2009	INTEGRATED DESIGN SERVICES	\$247,500	\$0	\$0			5.00%	\$385	1, 2, 6, 9, 10
12	75679	Florence Area Enhanced Maintenance Service (RMD)	7/1/2006	12/30/2009	12/30/2009	Woods Maintenance Services, Inc.	\$246,000	\$0	\$0			5.00%	\$12,300	1, 5, 6, 8, 9
13	PW12979**	As-Needed Civil and Structural Engineering Services	12/13/2006	12/12/2009	12/12/2009	TMD TAYLOR & GAINES	\$225,000	\$0	\$0			10.00%	\$6,379	1, 2, 6, 9, 10

CONTRACTOR EXTENSION/COST REDUCTION

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14	75963	Removal Of Illegally Dumped Materials And Disposal Services For Florence/Firestone / Walnut Park (RMD)	1/1/2007	12/31/2009	12/31/2009	Allied Waste Services Of North America, Llc.	\$229,113	\$0	\$0					1, 4, 5, 6, 8, 9
15	PW12987**	Right of Way Engineering Services	12/20/2006	12/19/2009	12/19/2009	MOLLENHAUER GROUP	\$500,000	\$0	\$0			5.00%	\$8,333	1,2,6,7
16	75962	Removal Of Illegally Dumped Materials And Disposal Services For Road Maintenance District 3 Areas (RMD)	1/1/2007	12/31/2009	12/31/2009	Allied Waste Services Of North America, Llc.	\$229,113	\$0	\$0					1, 4, 5, 6, 8, 9
17	PW12988**	Right of Way Engineering Services	12/20/2006	12/19/2009	12/19/2009	DCA CIVIL ENGINEERING GROUP	\$500,000	\$0	\$0			40.00%	\$66,667	1,2,6,7
18	74396	LA River Trash and Debris Collection (FMD)	3/11/2003	3/10/2010	3/10/2010	Frey Environmental, Inc.	\$1,200,000	\$0	\$0	15.00%	\$180,000			1, 2, 6, 10
19	PW12989**	REAL ESTATE APPRAISAL SERVICES	12/27/2006	12/20/2009	12/20/2009	R.P. LAURAIN & ASSOCIATES	\$500,000	\$0	\$0			8.00%	\$12,632	1,2,6
20	001788*	As-Needed Exploratory Subsurface Excavations (CON)	10/30/2007	10/29/2009	10/29/2010	SAF-R-DIG Utility Surveys	\$500,000	\$0	\$0			15.00%	\$88,000	1, 2, 4, 5, 6, 7, 9, 10
21	PW12986**	Right of Way Acquisition Services	12/21/2006	12/20/2009	12/20/2009	OVERLAND, PACIFIC & CUTLER, INC.	\$500,000	\$0	\$0			5.00%	\$6,374	1,2,6,7
22	001797*	As Needed Haul Truck Services Program (FLT)	12/1/2008	12/31/2009	12/31/2010	L. Curti Truck & Equipment	\$10 Mil Aggregate for the Haul Truck Services**	\$0	\$0	5.00%	\$62,500			1, 2, 5, 6, 7, 10
23	PW12998**	AS-NEEDED RIGHT OF WAY ACQUISITION SRVCS	12/27/2006	12/27/2009	12/27/2009	Briggs Field Services, Inc.	\$500,000	\$0	\$0			10.00%	\$16,667	1,2,6
24	001800*	As Needed Haul Truck Services Program (FLT)	12/1/2008	12/31/2009	12/31/2010	Shenkel Trucking	\$10 Mil Aggregate for the Haul Truck Services**	\$0	\$0	5.00%	\$62,500			1, 2, 5, 6, 7, 10
25	PW13019**	REAL ESTATE APPRAISAL SERVICES	12/27/2006	12/27/2009	12/27/2009	MASON & MASON	\$500,000	\$0	\$0			10.00%	\$16,667	1,2,6
26	001806*	As-Needed Haul Truck Services Program (FLT)	12/1/2008	12/31/2009	12/31/2010	Albert A. Blacksher Trucking	\$10 Mil Aggregate for the Haul Truck Services**	\$0	\$0	5.00%	\$62,500			1, 2, 5, 6, 7, 10

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27	PW12971**	As-Needed Building & Safety Plan Check	1/8/2007	1/8/2010	1/8/2010	JAS PACIFIC, INC.	\$3,750,000	\$0	\$0			10.00%	\$30,000	1,2,6
28	001789*	As Needed Traffic Paint Removal Services (OSD)	11/7/2007	11/06/2009	11/7/2010	Line Master	\$126,990	\$0	\$0			10.00%	\$12,699	1, 2, 4, 6, 7, 9
29	PW12973**	As-Needed Building & Safety Plan Check	1/8/2007	1/8/2010	1/8/2010	BUREAU VERITAS (FORMERLY BERRYMAN & HENIGAR)	\$3,750,000	\$0	\$0			12.00%	\$6,000	1,2,6
30	001524*	A/N Non Emergency Removal Of Hazardous Material (OSD)	1/8/2005	01/07/2010	01/07/2010	Ocean Blue Environmental Services	\$800,000	\$0	\$0			6.00%	\$48,000	1, 6, 9
31	PW12981**	As-Needed Building & Safety Plan Check	1/8/2007	1/8/2010	1/8/2010	WILLDAN	\$3,750,000	\$0	\$0			10.00%	\$1,200	1,2,6
32	75996	Landscaping And Grounds Maintenance Services For The Public Works Headquarters Complex (OSD)	2/1/2007	01/31/2010	1/31/2010	Truegreen Landcare	\$113,320	\$0	\$0	5.00%	\$5,666		\$4,920	1, 5, 6, 7, 8
33	PW12996**	As-Needed Mechanical Electrical & Plumbing Engineering Design/Design Review Services	1/8/2007	1/8/2010	1/8/2010	GLUMAC	\$300,000	\$0	\$0			5.00%	\$4,920	1,2,6,9,10
34	001725*	A/N Facilities Sweeping Services (FMD)	2/8/2007	02/07/2010	02/07/2010	Joe's Sweeping, Inc.	\$189,000	\$0	\$0	5.00%	\$9,450			1, 5, 6, 10
35	001530	A/N Herbicide Application Using Small And Large Spray Rigs - South Area (FMD)	3/1/2005	02/28/2010	02/28/2010	Quality Sprayers, Inc.	\$600,000	\$0	\$0			5.00%	\$30,000	1, 6, 10
36	PW13005**	As-Needed Mechanical Electrical & Plumbing Engineering Design/Design Review Services	1/23/2007	1/22/2010	1/22/2010	DAHL, TAYLOR & ASSOCIATES INC	\$375,000	\$0	\$0			7.00%	\$1,130	1, 2, 6
37	001638*	A/N Tree Trimming & Related Work Program (RMD)	11/1/2006	04/30/2010	04/30/2010	Mariposa Horticulture Enterprises, Inc.	\$120,000	\$0	\$0			5.00%	\$6,000	1, 2, 6, 9, 10

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38	PW13003**	As-Needed Mechanical Electrical & Plumbing Engineering Design/Design Review Services	1/23/2007	1/23/2010	1/23/2010	STV INCORPORATED	\$300,000	\$0	\$0			7.00%	\$6,899	1,2,6,9,10
39	001639*	A/N Tree Trimming & Related Work Program (RMD)	11/1/2006	04/30/2010	04/30/2010	United Pacific Services, Inc.	\$120,000	\$0	\$0			10.00%	\$12,000	1,2,6,9,10
40	PW13007**	As-Needed Bldg & Safety Inspection & Permit Tech	2/8/2007	2/8/2010	2/8/2010	JAS PACIFIC, INC.	\$15,000,000	\$0	\$0			10.00%	\$270,000	1,2,6,7
41	001640*	A/N Tree Trimming & Related Work Program (RMD)	11/1/2006	04/30/2010	04/30/2010	Tip Top Arborists	\$120,000	\$0	\$0			16.931%	\$20,317	1,2,6,9,10
42	PW13008**	As-Needed Bldg & Safety Inspection & Permit Tech	2/8/2007	2/8/2010	2/8/2010	THE "G" CREW	\$15,000,000	\$0	\$0			10.00%	\$48,000	1,2,6,7
43	001641*	A/N Tree Trimming & Related Work Program (RMD)	11/1/2006	04/30/2010	04/30/2010	West Coast Arborists	\$120,000	\$0	\$0			9.00%	\$10,800	1,2,6,9,10
44	PW13009**	As-Needed Bldg & Safety Inspection & Permit Tech	2/8/2007	2/8/2010	2/8/2010	WILLDAN	\$15,000,000	\$0	\$0			10.00%	\$3,600	1,2,4,6
45	001642*	A/N Tree Trimming & Related Work Program (RMD)	11/1/2006	04/30/2010	04/30/2010	Travers Tree Service	\$120,000	\$0	\$0			9.00%	\$10,800	1,2,6,9,10
46	PW13127**	As-Needed Building-Related Inspection Services	2/21/2008	2/20/2010	2/20/2012	BUREAU VERITAS NORTH AMERICA	\$2,500,000	\$0	\$0			7.00%	\$25,550	1,2,6
47	001738*	Information Verification And Review Services (EPD)	5/1/2007	04/30/2010	04/30/2010	Tcm Group	\$154,250	\$0	\$0			10.00%	\$15,425	1,4,6
48	PW13128**	As-Needed Building-Related Inspection Services	2/21/2008	2/20/2010	2/20/2012	THE G CREW	\$2,500,000	\$0	\$0			5.00%	\$13,336	1,2,6
49	001749*	Ventilation, And Air Conditioning (Hvac) Services	6/29/2007	06/28/2010	06/28/2010	Johnson Controls, Inc.	\$210,132	\$0	\$0			12.00%	\$25,216	1,3,6,7,9
50	PW13129**	As-Needed Building-Related Inspection Services	2/21/2008	2/20/2010	2/20/2012	HARRIS & ASSOCIATES	\$2,500,000	\$0	\$0			5.00%	\$37,562	1,2,6
51	001759*	Countywide Smart Gardening Program (EPD)	7/11/2007	7/10/2010	07/10/2010	Bio Contractors, Inc.	\$499,675	\$0	\$0			15.00%	\$74,951	1,6

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52	PW131115**	As-Needed Geotechnical Engineering, Testing, and Inspection Services	10/29/2007	10/29/2010	10/29/2010	Twining Laboratories of Southern California	\$2,000,000	\$0	\$0					1,2,6
53	001785*	Marie Canyon Disinfection Project Maintenance And Inspection Services (FMD)	9/4/2007	09/03/2009	09/03/2010	Clear Creek Systems, Inc.	\$80,000	\$0	\$0			5.00%	\$4,000	1, 2, 4, 6, 7, 10
54	PW12842**	As-Needed Environmental Testing, Inspection & Monitoring Services	5/4/2005	5/2/2010	5/2/2010	CTL Environmental Services	\$1,500,000	\$0	\$0			5.00%	\$16,891	1,2,6
55	001781*	Water Treatment Maintenance Services For The Cooling Towers And Heating, Ventilation, And Air Conditioning Systems At Public Works Headquarters Complex (OSD)	9/20/2007	09/19/2010	09/19/2010	Wetco, Inc.	\$72,000	\$0	\$0			10.00%	\$7,200	1, 3, 6, 7, 10
56	PW13096**	As-Needed Geotechnical Engineering, Testing, and Inspection Services	9/19/2007	9/18/2010	9/18/2010	GEOCON INLAND EMPIRE, INC.	\$2,000,000	\$0	\$0			20.00%	\$79,721	1,2,6
57	001581*	Generation Earth Secondary School Environmental Education Pgm (PRG)	10/13/2005	10/10/2009	10/10/2010	Treepeople Inc	\$1,000,000	\$0	\$0			15.00%	\$150,000	1, 6
58	PW13097**	As-Needed Geotechnical Engineering, Testing, and Inspection Services	9/19/2007	9/18/2010	9/18/2010	NINYO & MOORE	\$2,000,000	\$0	\$0			5.00%	\$25,000	1,2,6
59	PW13100**	As-Needed Geotechnical Engineering, Testing, and Inspection Services	10/2/2007	10/1/2010	10/1/2010	MACTEC ENGINEERING & CONSULTING, INC.	\$2,000,000	\$0	\$0			10.00%	\$24,277	1,2,6

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60	001798*	As Needed Haul Truck Services Program (FLT)	12/1/2008	12/31/2009	12/31/2010	Dispatch Trucking	\$10 Mil Aggregate for the Haul Truck Services**	\$0	\$0	5.00%	\$62,500			1, 2, 5, 6, 7, 10
61	PW13099**	As-Needed Geotechnical Engineering, Testing, and Inspection Services	10/2/2007	10/1/2010	10/1/2010	URS CORPORATION	\$2,000,000	\$0	\$0	5.00%	\$5,960			1,2,6
62	001799*	As Needed Haul Truck Services Program (FLT)	12/1/2008	12/31/2009	12/31/2010	Lac Motor Enterprises, Inc.	\$10 Mil Aggregate for the Haul Truck Services	\$0	\$0	5.00%	\$62,500			1, 2, 5, 6, 7, 10
63	PW12899**	As-Needed Construction Project Management and Related Services	2/14/2006	2/13/2011	2/13/2011	BERNARDS	\$15,000,000	\$0	\$0			10.00%	\$199,941	1,2,6,9,10
64	001801*	As Needed Haul Truck Services Program (FLT)	12/1/2008	12/31/2009	12/31/2010	E. Jasper Wrecking & Trucking	Aggregate for the Haul Truck Services**	\$0	\$0	5.00%	\$62,500			1, 2, 5, 6, 7, 10
65	PW12900**	As-Needed Construction Project Management and Related Services	2/14/2006	2/13/2011	2/13/2011	SIMPSON & SIMPSON MANAGEMENT CONSULTING, INC.	\$15,000,000	\$0	\$0			5.00%	\$79,030	1,2,6,9,10
66	001804*	As Needed Haul Truck Services Program (FLT)	12/1/2008	12/31/2009	12/31/2010	R.E.H. Trucking Inc	\$10 Mil Aggregate for the Haul Truck Services**	\$0	\$0	5.00%	\$62,500			1, 2, 5, 6, 7, 10
67	PW12901**	Construction Project Management and	2/14/2006	2/13/2011	2/13/2011	PARSONS COMMERCIAL TECHNOLOGIES, INC.	\$15,000,000	\$0	\$0	5.00%	\$134,886			1,2,6
68	001805*	As Needed Haul Truck Services Program (FLT)	12/1/2008	12/31/2009	12/31/2010	Keep It Moving, Inc	\$10 Mil Aggregate for the Haul Truck Services**	\$0	\$0	5.00%	\$62,500			1, 2, 5, 6, 7, 10
69	PW12898**	As-Needed Construction Project Management and Related Services	2/14/2006	2/13/2011	2/13/2011	GKK WORKS	\$15,000,000	\$0	\$0			5.00%	\$119,455	1,2,6
70	001867*	Aerial Photography, Topography, And Planimetric Mapping Services (SUR)	8/1/2008	7/31/2009	7/31/2011	Mapcon Mapping, Inc.	\$133,333	\$0	\$0			10.00%	\$13,333	1, 2, 3, 6, 10
71	PW13164**	As-Needed A/E Design & Design Review Services	7/8/2008	7/9/2010	7/9/2011	Tetra Design, Inc	\$600,000	\$0	\$0			5.00%	\$37,562	1,2,6

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72	001588*	A/N Emergency Removal Of Hazardous Material (FMD)	2/1/2006	01/31/2010	1/31/2012	Ocean Blue Environmental Services	\$500,000	\$0	\$0			6.00%	\$30,000	1, 2, 6, 9, 10
73	PW13165**	As-Needed A/E Design & Design Review Services	7/10/2008	7/9/2010	7/9/2011	J.C. CHANG & ASSOCIATES	\$500,000	\$0	\$0			5.00%	\$3,413	1,2,6
74	76492	Maintenance Program For Nonadvertising Bus Stop Amenities-North County (PDD)	3/18/2008	03/17/2010	03/17/2011	Sureteck Industrial And Commercial Services, Inc.	\$274,270	\$0	\$0			8.00%	\$21,942	1, 2, 5, 6, 7, 8
75	PW13166**	As-Needed A/E Design & Design Review Services	7/10/2008	7/9/2010	7/9/2011	WAYNE C SIU ARCHITECTS	\$500,000	\$0	\$0			5.00%	\$6,250	1,2,6
76	001869*	Aerial Photography, Topography, And Planimetric Mapping Services (SUR)	8/1/2008	07/31/2009	07/31/2011	RBF Consulting	\$133,333	\$0	\$0			10.00%	\$13,333	1, 2, 3, 6, 10
77	PW13167**	As-Needed A/E Design & Design Review Services	7/14/2008	7/13/2010	7/13/2011	STV INCORPORATED	\$500,000	\$0	\$0			7.00%	\$6,116	1,2,6
78	001861*	Aerial Photography, Topography, And/Or Planimetric Mapping (SUR)	8/1/2008	07/31/2009	07/31/2011	Towill Inc.	\$133,333	\$0	\$0			10.00%	\$13,333	1, 2, 3, 6, 10
79	PW13168**	As-Needed A/E Design & Design Review Services	7/14/2008	7/13/2010	7/13/2011	JTC ARCHITECTS, INC.	\$500,000	\$0	\$0			10.00%	\$11,141	1,2,6
80	001614*	A/N Pump Pulling & Machine Repair Services (WWD)	9/2/2006	09/01/2009	09/01/2011	Bakersfield Well and Pump Company	\$900,000	\$0	\$0			7.00%	\$63,000	1, 2, 3, 6, 10
81	PW13169**	As-Needed A/E Design & Design Review Services	7/14/2008	7/13/2010	7/13/2011	FRANK R. WEBB ARCHITECTS	\$500,000	\$0	\$0			5.00%	\$4,980	1,2,6,7
82	001646*	Pacolina Dam Aerial Tramway Repair & Annual Maint (FMD)	11/29/2006	01/01/2010	1/1/2011	Leitner-Poma of America, Inc.	\$534,423	\$0	\$0			5.00%	\$26,721	1, 2, 4, 6, 10
83	PW13170**	As-Needed A/E Design & Design Review Services	7/14/2008	7/15/2010	7/15/2011	VINEGRA & VINEGRA ARCHITECTURE	\$500,000	\$0	\$0			10.00%	\$10,602	1,2,6
84	001795*	Waste Tire Recycling Program (EPD)	12/1/2007	11/30/2009	11/30/2011	The Peterson Group	\$188,855	\$0	\$0			9.00%	\$16,997	1, 2, 6
85	PW13171**	As-Needed A/E Design & Design Review Services	7/14/2008	7/15/2010	7/15/2011	HH FREMER ARCHITECTS, INC.	\$500,000	\$0	\$0			6.00%	\$6,466	1,2,6

CONTRACTOR EXTENSION/COST REDUCTION

ATTACHMENT

No.	Contract No.	Contract Name	Contract Start Date	Current Term Exp. Date	Final Option Yr. Exp. Date(1)	Contractor Name	Contract Amount (2)	NCC Portion Savings	Contract \$ from NCC	1 Year Extend Reduction	1 Year Reduction Savings	2 Year Extend Reduction	2 Year Reduction Savings	Justification(s)
86	75964	Public Curbside Refuse Container Collection and Disposal Services for Florence/Firestone /Walnut Park Area	1/1/2007	12/31/2009	12/31/2011	Shelter Clean, Inc	\$272,743	\$0	\$0			5.00%	\$13,637	1, 2, 3, 5, 6, 8, 9
87	PW13174**	As-Needed A/E Design & Design Review Services	7/28/2008	7/29/2010	7/29/2011	URS CORPORATION	\$550,000	\$0	\$0	5.00%	\$7,392			1,2,6
88	75965	Public Curbside Refuse Container Collection and Disposal Services for Road Maintenance 3 Area	1/1/2007	12/31/2009	12/31/2011	Shelter Clean, Inc	\$203,788	\$0	\$0			5.00%	\$10,189	1, 2, 5, 6, 8, 9
89	PW13176**	As-Needed A/E Design & Design Review Services	8/4/2008	8/5/2010	8/5/2011	GKK WORKS	\$500,000	\$0	\$0			5.00%	\$5,519	1,2,6
90	75973	Landscape And Grounds Maintenance Services For Public Works Central Yard - Lower And Upper (OSD)	1/8/2007	01/07/2010	1/7/2012	Truegreen Landcare	\$13,675	\$0	\$0	5.00%	\$684			1, 2, 5, 6, 8
91	PW13088**	As-Needed Building Evaluation Consultant Services	9/4/2007	9/3/2009	9/3/2011	URS CORPORATION	\$300,000	\$0	\$0	5.00%	\$5,341			1,2,6
92	001726*	Southern California Alternative Technology Public Outreach Implementation Plan (EPD)	1/30/2007	01/29/2010	01/29/2012	Cerrell Associates, Inc.	\$161,810	\$0	\$0			9.00%	\$14,563	1, 2, 6
93	PW13240**	As-Needed Survey Services	1/13/2009	1/12/2012	1/12/2012	Stantec Consulting, Inc.	\$400,000	\$0	\$0			15.00%	\$12,000	1,2,6
94	001727*	As-Needed Fire Extinguisher Services (ASD)	2/16/2007	02/15/2010	2/15/2012	Liege Corporation	\$49,495	\$0	\$0			10.00%	\$4,950	1, 2, 4, 6, 9
95	PW13239**	As-Needed Survey Services	1/15/2009	1/14/2012	1/14/2012	Guida Surveying	\$400,000	\$0	\$0			10.00%	\$8,000	1,2,6
96	001728*	A/N Pump Pulling And Machine Repair Program (FMD)	3/6/2007	03/05/2009	03/05/2012	Field Technology, Inc.	\$150,000	\$0	\$0			10.00%	\$15,000	1, 2, 3, 6, 10
97	PW13243**	As-Needed Survey Services	1/15/2009	1/14/2012	1/14/2012	RBF Consulting	\$400,000	\$0	\$0			10.00%	\$8,000	1,2,6

CONTRACTOR EXTENSION/COST REDUCTION

ATTACHMENT

No.	Contract No.	Contract Name	Contract Start Date	Current Term Exp. Date	Final Option Yr. Exp. Date(1)	Contractor Name	Contract Amount (2)	NCC Portion Savings	Contract \$ from NCC	1 Year Extend Reduction	1 Year Reduction Savings	2 Year Extend Reduction	2 Year Reduction Savings	Justification(s)
98	001825*	As Needed Underground And Aboveground Storage Tank Maintenance And Repair Services (OSD)	4/28/2008	4/27/2010	4/27/2013	Redwine-Manley Testing Services	\$480,385	\$0	\$0					1, 2, 6, 7, 11
99	PW13202**	As-Needed Cost Estimating Services	9/25/2008	9/24/2010	9/24/2012	JACOBUS & YUANG, INC.	\$75,000	\$0	\$0	12.00%	\$3,000			1,2,6,9,10,
100	001835*	Summer Beach Bus Services (PDD)	5/1/2008	04/30/2010	04/30/2012	Parking Company Of America Mgmt., LLC	\$40,500	\$0	\$0					1, 2, 3, 5, 6, 8
101	PW13206**	As-Needed Cost Estimating Services	9/29/2008	9/28/2010	9/28/2012	CONSTRUCTION COST CONSULTANTS	\$75,000	\$0	\$0	10.00%	\$2,500			1,2,6
102	76174	Acton-Agua Dulce Shuttle Service (PDD)	7/1/2007	06/30/2010	6/30/2012	Parking Company Of America Mgmt., LLC	\$67,658	\$0	\$0					1, 2, 4, 5, 6, 8
103	PW13201**	As-Needed Environmental Service	9/16/2008	9/15/2011	9/15/2013	BONTERRA CONSULTING	\$2,000,000	\$0	\$0			7.00%	\$16,594	1,2,6
104	001735*	John Anson Ford Amphitheatre Shuttle Service (PDD)	5/1/2007	04/30/2010	4/30/2012	Parking Company Of America Mgmt., LLC	\$41,050	\$0	\$0					1, 2, 4, 5, 6, 8
105	PW13209**	As-Needed Environmental Service	10/7/2008	10/6/2011	10/6/2013	CHAMBERS GROUP INC	\$2,000,000	\$0	\$0			10.00%	\$37,409	1,2,6
106	76409	Graffiti Removal At East Area Flood Control Facilities (OSD)	1/1/2008	12/31/2009	12/31/2012	Superior Property Services, Inc.	\$155,900	\$0	\$0	8.00%	\$12,472			1, 2, 3, 5, 6, 8, 9
107	PW13214**	As-Needed Landscape Architectural/Engineering Design Services	11/6/2008	11/5/2010	11/5/2014	CORNERSTONE STUDIOS, INC.	\$400,000	\$0	\$0			5.00%	\$4,890	1,2,6
108	76407	Graffiti Removal At South Area Flood Control Facilities (OSD)	1/1/2008	12/31/2009	12/31/2012	Harbor Area Gang Alternatives Program	\$300,000	\$0	\$0					1, 2, 3, 5, 6, 8, 9
109	PW13218**	As-Needed Landscape Architectural/Engineering Design Services	12/1/2008	12/1/2010	12/1/2014	MIA LEHRER & ASSOCIATES	\$400,000	\$0	\$0			5.00%	\$5,000	1,2,6
110	76408	Graffiti Removal At West Area Flood Control Facilities (OSD)	1/1/2008	12/31/2009	12/31/2012	Woods Maintenance Services, Inc.	\$189,600	\$0	\$0			5.00%	\$9,480	1, 2, 3, 5, 6, 8, 9
111	PW13219**	As-Needed Landscape Architectural/Engineering Design Services	1/8/2009	1/7/2011	1/7/2015	AHBE LANDSCAPE ARCHITECTS	\$400,000	\$0	\$0			18.00%	\$15,696	1,2,6

CONTRACTOR EXTENSION/COST REDUCTION

ATTACHMENT

No.	Contract No.	Contract Name	Contract Start Date	Current Term Exp. Date	Final Option Yr. Exp. Date(1)	Contractor Name	Contract Amount (2)	NCC Portion Savings	Contract \$ from NCC	1 Year Extend Reduction	1 Year Reduction Savings	2 Year Extend Reduction	2 Year Reduction Savings	Justification(s)
112	001866*	Regional Used Motor Oil And Filter Collection And Public Education Program (PRG)	7/15/2008	07/14/2010	07/14/2013	Saeshe Advertising, Inc.	\$500,000	\$0	\$0	5.00%	\$25,000			1, 2, 6
113	PW13215**	As-Needed Landscape Architectural/Engineering Design Services	2/5/2009	2/4/2011	2/4/2015	NUVIS	\$400,000	\$0	\$0			5.00%	\$4,698	1,2,6
114	76679	Landscape Maintenance Services-South Area (FMD)	10/18/2008	10/17/2009	10/17/2013	United Pacific Services, Inc.	\$797,281	\$0	\$0			7.00%	\$55,810	1, 2, 6, 7, 8, 10
115	76721	Maintenance Program For Nonadvertising Bus Stop Amenities South County (PDD)	11/1/2008	10/31/2009	10/31/2013	Shelter Clean, Inc	\$968,618	\$0	\$0				\$48,431	1, 2, 5, 6, 7, 8
116	001910*	Inventory Services (FIS)	3/17/2009	03/16/2010	03/16/2014	Comp-U-Count Inventory Service	\$97,672	\$0	\$0			5.00%		1, 2, 6, 7
117	77015	Landscape Maintenance Services East Area (FMD)	7/5/2009	07/04/2010	07/04/2014	United Pacific Services, Inc.	\$37,000	\$0	\$0			7.00%	\$2,590	1, 2, 6, 7, 8, 10
								\$31,594	\$474,860					
								Total NCC Portion Savings	Contract \$ from NCC					
								\$922,682	Total Annual Savings for Contracts Receiving 1 yr Extension					
								\$2,317,101	Total Annual Savings for Contracts Receiving 2 yr Extension					

Total annual NCC Savings: \$31,594

Total annual contract savings: \$3,233,783 (3)

Expiration of one year contract extensions reduces savings in FY 10/11 by \$56,352

1. The final contract termination date includes all option years if exercised.
2. The contract amounts are the contract amounts the Board approved excluding any contingencies and any subsequent adjustments since the award of the contract such as Cost of Living, fuel, and/or tipping fees.
3. Amount of savings in 09/10 will be prorated

* Potential Cost Savings since these contracts are as-needed contracts and the full contract amount may not be utilized.

** Programs - These contract consist of several contractors under one contract program.

***Savings on professional service contracts based on remaining balance of contract maximum sum.



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

August 14, 2009

TO: William T Fujioka
Chief Executive Officer

FROM: Mark J. Saladino
Treasurer and Tax Collector 

CONTRACT EXTENSION AND COST REDUCTION APPROVAL REQUEST

On June 16, 2009, the Board, on motion of Supervisor Ridley-Thomas, instructed the Chief Executive Office (CEO), working with the Internal Services Department, County Counsel, Auditor-Controller, and other departments as needed, to develop the parameters for a contract cost savings initiative by requesting that contractors reduce contract costs effective in Fiscal Year 2009-2010 (FY 2009-2010) in return for contract extensions. The Board also authorized any contract extensions authorized under this initiative be executed without competitive bidding and directed the CEO to include any resulting reductions in Supplemental Changes for the FY 2009-2010 County Budget.

On June 25, 2009, the CEO, acting on the Board's direction, provided instructions for implementation of this cost savings initiative requesting that contractors reduce contract costs effective in FY 2009-2010 in return for contract extensions. The instructions directed departments to canvass their contracts which met the appropriate criteria, and solicit offers from those affected contractors to reduce the cost of the contracts in exchange for one-year and/or two-year extensions.

Accordingly, I am recommending that the CEO propose to the Board of Supervisors the following contract amendment to reduce cost and extend terms only (amendment has been approved as to form by County Counsel):

Contract No. #75266 - All Direct Mail Services, Inc.

Background

Contract No. #75266 was awarded to All Direct Mail Services, Inc. (ADMSI) to provide mailing services effective June 1, 2005. The contract term is one (1) year with four (4) one-year renewal options and six (6) month-to-month extensions for a maximum total contract term of five (5) years and six (6) months. The contract is currently in the final option year and will expire on May 31, 2010. The total

amount of the contract sum is \$1,375,000 for five years (\$275,000 per year). The net County cost (NCC) for FY 2009-2010 is \$114,600.

Recommended Amendment/Fiscal Impact

TTC recommends amending this contract by adding two (2) additional option years, for a total of six (6) one-year renewal options. In exchange, ADMSI is offering an immediate 12% per unit cost reduction, to be effective after Board approval of the extension. The projected gross savings will be over a two year and nine month period as follows:

9 month's savings in 2009-2010*:

*(*Estimate based upon Board approval by September 1, 2009.)*

	S & S Decrease	Revenue Decrease	NCC Decrease
12% cost reduction	\$ 15,000	\$ 6,000	\$ 9,000

12 month's savings in 2010-2011:

	S & S Decrease	Revenue Decrease	NCC Decrease
12% cost reduction	\$ 19,000	\$ 8,000	\$ 11,000

12 month's savings in 2011-2012:

	S & S Decrease	Revenue Decrease	NCC Decrease
12% cost reduction	\$ 19,000	\$ 8,000	\$ 11,000

Justification

Mailing services are required in order for TTC to meet legal deadline requirements and to manage TTC's workload due to the volume of mailings.

An analysis was performed by TTC to conclude that the recommended contract amendment is economically advantageous to the County as compared to the potential results of conducting a new solicitation. The amendment will also delay a possible cost increase following a new solicitation. In addition, the recommended contract amendment will ensure a continuation of quality mailing services to TTC. ADMSI has proven to be a responsive contractor.

Please let me know if you have any questions, or your staff may contact W. Michael Harman at (213) 974-2030 or mharman@ttc.lacounty.gov.

c: County Counsel